



Rural Montana Hit Harder Under Senate Health Care Plan

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The Senate health care bill, the Better Care Reconciliation Act (BCRA), will result in tens of thousands of Montanans losing coverage, increased health care costs for many Montana families, and the loss of billions in federal Medicaid funds to provide coverage for Montana children, elderly, and people with disabilities. Those who are living in Montana's rural communities are at even greater risk of increased costs and loss of coverage. The Senate took the deeply flawed House-passed American Health Care Act (AHCA) and made relatively minor adjustments to the bill's framework. In some ways, the Senate bill is even worse than the House AHCA.

Medicaid plays a significant role in not only providing health coverage but also paying for care in rural areas. Threats to dismantle Medicaid and cut federal support will disproportionately harm rural Montanans and rural health providers, like critical access hospitals. Furthermore, rural Americans have benefited greatly from the tax credits and subsidies provided through the Affordable Care Act to access health insurance on the marketplace. While the BCRA does take into consideration the local cost of insurance (unlike the House-passed AHCA), many rural counties in Montana will still see higher costs for coverage and older Montanans will be charged more for less coverage.

Medicaid plays critical role in rural Montanans' access to health services.

Over 216,000 Montanans access health care coverage through Medicaid, nearly half of which are children in the Healthy Montana Kids program (Montana's children's Medicaid and CHIP program). Montanans residing in rural counties are more likely to access coverage through Medicaid than Montanans residing in urban areas.¹ Medicaid has provided greater access to primary physicians and preventative care, such as cancer screenings, diabetes screenings, and dental services. Individuals in rural areas are more likely to die from heart disease, cancer, unintentional injury, chronic lower respiratory disease, and stroke than their urban counterparts.²



Montana's bipartisan Medicaid expansion has benefited rural Montanans and rural health providers.

As of May 2017, 77,000 low-income Montanans have enrolled in Montana's Medicaid expansion plan. Of these, roughly 48 percent reside outside of Montana's seven largest urban areas.³ In addition to greater access to preventative care, Medicaid expansion has also expanded

Nearly half (48 percent) of the 77,000 Montanans enrolled in Medicaid expansion live in rural communities.

access to mental health and substance use disorder treatment, helping to address the opioid and methamphetamine crises ravaging Montana's rural communities.⁴

Furthermore, Medicaid expansion has become a critical financial lifeline for many rural hospitals. Prior to Medicaid expansion, Montana hospitals reported nearly \$400 million in uncompensated care costs in 2013, with many critical access hospitals serving high numbers of uninsured Montanans feeling the greatest pressure.⁵ Since the passage of Montana's Medicaid expansion, the uninsured rate in the state has plummeted, to 7.4 percent in 2016 compared to over 15 percent in 2015.⁶ Payments to Montana health care providers have increased, and many providers are already reporting fewer uninsured patients and lower uncompensated care costs.⁷ Nationally, in states that expanded Medicaid, uncompensated care costs as a share of hospital costs fell by about *half* between 2013 and 2015.⁸ If Congress ends Montana's Medicaid expansion, providers would face increased uncompensated care costs, putting many rural providers in financial peril. If a rural hospital closes, it hurts an entire community.

BCRA provides woefully inadequate tax credits for rural Montanans to access marketplace health insurance.

Rural Montanans constitute a higher portion of Montanans accessing health insurance through the health marketplace. In 2017, nearly three-fourths of Montana consumers accessing coverage through the marketplace reside in rural areas.⁹ This is due, in part, to a greater share of rural Montanans without access to employer-provided health insurance. The ACA's tax

**74 percent of Montanans
accessing insurance
through the Marketplace
live in rural areas.**

credits and subsidies take into account factors such as geographic area and income level to ensure affordability. This is particularly important for rural communities, where premiums tend to be higher because of low population density and higher medical care costs.

The Senate GOP plan dramatically changes the structure of tax credits, although it does take into account geographic region and income. The BCRA, instead, will be most devastating for older Montanans, many of whom live in rural communities. For example, a 60-year-old man from Chouteau County with an income of \$30,000 would receive nearly \$1,330 *less* in tax credits under the Senate bill than under current law. Factoring in premiums under BCRA, the total cost of insurance on the marketplace would be \$6,350 *more* than coverage under the ACA, a 255 percent increase in cost.¹⁰

Premiums caps under the BCRA will vary by age and will range in 2020 from 2.4 percent of income for a household below the poverty level (less than \$12,500 in 2020), to 17.4 percent of income for a 60-year-old at 350 percent of poverty (\$43,750). The same 60-year-old Montanan with a \$30,000 salary from the example above would pay 29 percent of his income (\$8,840) under the BCRA, compared to just eight percent under the ACA.¹¹

HOW WILL BCRA IMPACT MONTANANS?

Health care costs under Affordable Care Act vs. the Better Care Reconciliation Act

Cost after ACA Premium Subsidy | Cost after BCRA Tax Credit

estimates per person for 2020

Age	Income	Yellowstone	Chouteau
27	\$30,000	\$2,480 \$2,520 +\$40	\$2,480 \$2,900 +\$420
40	\$30,000	\$2,480 \$3,980 +\$1,500	\$2,480 \$4,490 +\$2,010
60	\$30,000	\$2,490 \$7,380 +\$4,890	\$2,490 \$8,840 +\$6,350

Source: Kaiser Family Foundation analysis.

Conclusion

Montana's rural communities play an important role in our state's economy. Medicaid coverage and access to health care tax credits and subsidies provide many Montana families – especially those in rural Montana - the ability to access affordable health services. Montana's Medicaid expansion has provided much-needed support for rural health providers, which allow hospitals to expand services, increase hours, or simply keep their doors open. While there are small differences between the House-passed AHCA and the Senate BCRA, both are fundamentally flawed and put the health of rural Montanans and our communities in jeopardy.

¹ Author's calculations using data from the Montana Department of Public Health and Human Services and U.S. Census Bureau's American Community Survey. For December 2016, roughly 18 percent of Montanans from the largest seven counties accessed health services through Medicaid, compared to over 22 percent of Montanans residing in rural counties.

² Centers for Disease Control & Prevention. "Rural Health Basics." March 15, 2017.

<https://www.cdc.gov/ruralhealth/ruralhealthbasics.html>.

³ Author's calculations using data from Montana Department of Health and Human Services. "HELP Enrollees by Zip Code." May 1, 2017. On file with author.

⁴ Grady, April, et al. "Medicaid's Role in the Delivery and Payment of Substance Use Disorder Services in Montana." Mannatt Health. March 2017. http://mthcf.org/wp-content/uploads/2017/03/Medicaid-Role-in-Substance-Use-Disorder-Services-in-Montana_Final.pdf.

⁵ Montana Budget and Policy Center. "Uncompensated Care: A Drag on Montana's Economy." December 2014.

<http://www.montanabudget.org/uncompensated-care-a-drag-on-montanas-economy/>.

⁶ "Report to the Governor and Legislative Finance Committee." HELP Oversight Committee. July 15, 2016.

http://dphhs.mt.gov/Portals/85/Documents/MedicaidExpansion/HELP%20Act%20Oversight%20Committee%20Report%20FINAL7_15_2016.pdf.

⁷ Michels, Holly K. "Rural hospitals don't want to see Medicaid expansion go away." Missoulian. March 19, 2017.

http://missoulian.com/news/government-and-politics/rural-hospitals-don-t-want-to-see-medicaid-expansion-go/article_8168b467-997e-511f-bf53-958080d0afe9.html.

⁸ Council of Economic Advisors. "The Economic Record of the Obama Administration: Reforming the Health Care System." December 2016. <https://obamawhitehouse.archives.gov/blog/2016/12/13/economic-record-obama-administration-reforming-health-care-system>.

⁹ Cross-Call, Jesse, et al. "House-Passed Bill Would Devastate Health Care in Rural America." Center on Budget and Policy Priorities. May 16, 2017. <http://www.cbpp.org/research/health/house-passed-bill-would-devastate-health-care-in-rural-america>.

¹⁰ Kaiser Family Foundation. "Premiums and Tax Credits under the Affordable Care Act vs. the Senate Better Care Reconciliation Act Interactive Maps." June 23, 2017. <http://www.kff.org/interactive/premiums-and-tax-credits-under-the-affordable-care-act-vs-the-senate-better-care-reconciliation-act-interactive-maps/>

¹¹ Kaiser Family Foundation. "Premiums and Tax Credits under the Affordable Care Act vs. the Senate Better Care Reconciliation Act Interactive Maps." June 23, 2017. <http://www.kff.org/interactive/premiums-and-tax-credits-under-the-affordable-care-act-vs-the-senate-better-care-reconciliation-act-interactive-maps/>